

**SOBI**

Price SEK101.40

**Brace yourselves... Winter is coming**

Fair Value SEK90 (-11%)

**SELL**

Coverage initiated

Bloomberg	SOBI SS
Reuters	SOBIV.ST
12-month High / Low (SEK)	139.3 / 95.9
Market Cap (SEKm)	27,418
Ev (BG Estimates) (SEKm)	28,584
Avg. 6m daily volume (000)	1,231
3y EPS CAGR	ns

We are initiating coverage of SOBI with a Sell recommendation and a FV of SEK90. Although our EPS estimates are generally positive, they are noticeably lower than the consensus figures, especially due to our caution concerning Eloctate/Elocta... Or at least until its potential in "desensitisation" of patients with inhibiting antibodies has been confirmed. Pending this, we consider that forthcoming quarterly publications are likely to result in sharp cuts to earnings forecasts.

**ANALYSIS**

- **Overly optimistic in the haemophilia franchise?** We clearly agree that Elocta and Alprolix are attractive sales successes in the US and it is undoubtedly for this reason that consensus estimates are as high as they are for SOBI's territories (combined peak sales of between USD700m and USD1bn, vs. BG at USD500m). However, this should not mask the fact that 1/ these two BIIB molecules had no direct rivals in the US for more than a year, 2/ other geographical regions have historically preferred plasma options, 3/ in contrast, the competitive backdrop is already far less beneficial in Europe.
- **Elocta in ITI: significant potential.** Still uncertain. Note nevertheless that Elocta could potentially stand out from other long-acting FVIII by showing a benefit in immune tolerance induction (potential impact on our peak sales of USD400m). While initial data looks fairly promising, we would nevertheless underscore the fact that 1/ this proof of concept was only obtained on a small number of patients (n=3); 2/ for the moment, no clinical study has been initiated in order to confirm this positioning.

**VALUATION**

- **Initiation at Sell with a FV of SEK90.** Earnings momentum should be generally positive in coming years, but estimates look slightly too high especially for 2017e and in view of the lack of confirmation of Eloctate's potential in immune tolerance induction.

**NEXT CATALYSTS**

- October 27<sup>th</sup>: Q3 16 results.

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	1 M	3 M	6 M	31/12/15
Absolute perf.	0.0%	-4.3%	-17.8%	-24.7%
Healthcare	-2.4%	-6.6%	-2.5%	-10.8%
DJ Stoxx 600	0.5%	0.4%	-1.2%	-7.1%

YEnd Dec. (SEKm)	2015	2016e	2017e	2018e
Sales	3,228	5,066	5,966	7,243
% change		57.0%	17.8%	21.4%
EBITDA	465	1,194	1,666	2,394
EBIT	146.0	860.0	1,290	1,995
% change		NM	50.0%	54.7%
Net income	68.4	642.3	977.9	1,529
% change		NM	52.3%	56.3%

	2015	2016e	2017e	2018e
Operating margin	4.5	17.0	21.6	27.6
Net margin	2.1	12.7	16.4	21.1
ROE	1.5	12.0	15.5	19.5
ROCE	1.0	9.4	14.6	22.2
Gearing	35.2	21.9	1.2	-16.4

(SEK)	2015	2016e	2017e	2018e
EPS	0.25	2.38	3.62	5.65
% change		-	52.3%	56.3%
P/E	NS	42.7x	28.0x	17.9x
FCF yield (%)	1.3%	1.8%	4.0%	5.0%
Dividends (SEK)	0.00	0.00	0.00	0.00
Div yield (%)	NM	NM	NM	NM
EV/Sales	9.0x	5.6x	4.6x	3.6x
EV/EBITDA	62.5x	23.9x	16.5x	10.9x
EV/EBIT	199.0x	33.2x	21.3x	13.1x



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## Distribution of stock ratings

BUY ratings 72%

NEUTRAL ratings 0%

SELL ratings 28%

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